

Message Text

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E.O. 11652: N/A

TAGS: ECE, EGEN, EEWT, CSCE, PFOR

SUBJ: ECE COMMITTEE ON THE DEVELOPMENT OF TRADE: GENEVA,
NOV 29-DEC 3, 1976; DELEGATION REPORT

REF: STATE 285769

1. SUMMARY: ECE TRADE COMMITTEE HELD 25TH ANNIVERSARY MEETING NOV. 29 - DEC. 3. IN ACCORDANCE REFTTEL, USDEL PARTICIPATED VIGOROUSLY BOTH IN PLENARY SESSIONS AND IN CONTACT GROUP DISCUSSIONS OF DRAFT WORK PROGRAM. AS RESULT, ALL PROJECTS OF INTEREST TO US SURVIVED IN GOOD SHAPE IN WORK PROGRAM. US STATEMENTS STRESSED IMPORTANCE OF CSCE FINAL ACT, RESOLUTION I AND DECISION D(XXXI) FOR COMMITTEE'S WORK. SOMEWHAT DULL PLENARY DEBATE WAS ENLIVENED BY 75-MINUTE SPEECH BY ECE EXECUTIVE SECRETARY STANOVNIK, WHICH WAS HIGHLIGHTED BY HIS INTERESTING INTERPRETIVE REMARKS CONCERNING SOV/EE INDEBTEDNESS. SOVIET CONGRESSES PROPOSAL WAS NOT RAISED AT ALL DURING MEETING. END SUMMARY.

2. USDEL OPENED SUBSTANTIVE DISCUSSION (UNDER AGENDA ITEM 3) WITH STATEMENT STRESSING NEED FOR FULL IMPLEMEN-
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TATION BOTH OF CSCE FINAL ACT AND OF RESOLUTION I AND

DECISION D(XXE) PROVISIONS RELEVANT TO WORK OF TRADE COMMITTEE. USDEL PARTICULARLY STRESSED INADEQUATE PROVISION OF ECONOMIC/COMMERCIAL INFO. AS FACTOR HINDERING E-W TRADE FROM REACHING ITS FULL POTENTIAL. WHILE ITEM 3 WOULD HAVE PROVIDED LOGICAL OPPORTUNITY FOR SOVIETS TO RAISE CONGRESSES ISSUE, THEY DID NOT (NOR DID SUBJECT ARISE DURING COURSE OF MEETING). AS RESULT, FINAL AGREED REPORT ON MEETINGS REFERS IN THIS RESPECT ONLY TO POINTS RAISED IN US OPENING INTERVENTION.

3. ASIDE FROM NUMEROUS DESULTORY INTERVENTIONS ON AGENDA ITEMS OF LITTLE INTEREST TO US, PLENARY DEBATE WAS LARGELY CHARACTERIZED BY ANIMATED GIVE AND TAKE BETWEEN EASTERNS (CHIEFLY HUNGARY) ONE ONE SIDE AND EC-9, LED BY COMMISSION REP. KAWAN, ON THE OTHER CONCERNING OBSTACLES TO TRADE, AND ESPECIALLY RESTRICTIVE TRADE PRACTICES. US STATEMENT ON INADEQUACY OF ECONOMIC/COMMERCIAL INFORMATION WAS SHARPLY ATTACKED BY HUNGARIAN REP. NYERGES, WHO DEFENDED HUNGARY'S RECORD IN THIS REGARD AND SAID WEST WOULD HAVE TO BE MUCH MORE SPECIFIC IN ITS COMPLAINTS IF IT WISHED POSITIVE RESPONSE FROM HUNGARY. (COMMENT: IT APPEARED QUITE POSSIBLE TO USDEL THAT EASTERN CAUCUS DELIBERATELY CHOSE HUNGARY, WHOSE RECORD ON PROVIDING ECONOMIC DATA IS PROBABLY BEST AMONG THE SOV/EE COUNTRIES, TO LEAD COUNTER-ATTACK ON INFORMATION ISSUE, SINCE THIS WOULD RENDER WESTERN RESPONSE MORE DIFFICULT. WE BORE SPECIFICITY IN MIND WHEN MAKING OUR MODEST PROPOSAL ON ECONOMIC INFORMATION IN THE WORK PROGRAM (SEE BELOW). DESPITE HUNGARIAN STATEMENT, ALL INFORMATION ITEMS IN WORK PROGRAM SURVIVED IN REASONABLY GOOD SHAPE. END COMMENT)

4. CLEARLY HIGHLIGHT OF PLENARY DEBATE WAS LONG, UPBEAT SPEECH BY STANOVNIK, IN WHICH HE STRESSED THAT E-W TRADE HAS SURVIVED WESTERN RECESSION STRONG AND STABLE. MOST INTERESTING, AND CONTROVERSIAL, PORTION OF HIS REMARKS CONCERNED EASTERN INDEBTEDNESS. NOTING THAT EASTERN TRADE DEFICIT HAS GROWN FROM DOLS 1 BILLION TO OVER DOLS 9 BILLION FROM 1970 TO 1975, LIMITED OFFICIAL USE

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STANOVNIK SAID THIS REVEALS TWO IMPORTANT LESSONS: A) SOV/EE COUNTRIES HAVE ABANDONED THEIR TRADITIONAL POLICIES OF KEEPING TRADE IN BALANCE, AT ANY PRICE, IN FAVOR OF INCURRING DEFICITS AND EVEN INCREASING THEIR TOTAL INDEBTEDNESS. THIS IN TURN SHOWS THAT, IN KEEPING WITH SPIRIT AND LETTER OF FINAL ACT, SOV/EE COUNTRIES ARE PLANNING THEIR ECONOMIC COOPERATION WITH WESTERN INDUSTRIALIZED COUNTRIES ON LONG-TERM BASIS;

B) WHILE PREVIOUSLY EASTERN COUNTRIES RESORTED, WHEN BORROWING, TO GOVERNMENT-PROVIDED OR GUARANTEED CREDITS, NOW MOST OF THEIR INDEBTEDNESS EMANATES FROM ARRANGEMENTS WITH PRIVATE COMMERCIAL BANKS (WHICH, ACCORDING TO STANOVNIK, AMOUNTED TO DOLS 8.5 BILLION IN 1975). THIS IN TURN SHOWS CREDITWORTHINESS AND RELIABILITY OF EASTERN COUNTRIES. STANOVNIK WOULD UP BY CALLING FOR IMPROVEMENT IN THE INFRASTRUCTURE OF E-W TRADE. EASTBOUND TRADE IS STILL PRIMARILY MANUFACTURES AND WESTBOUND TRADE MAINLY RAW AND SEMI-FINISHED MATERIALS. THESE PATTERNS NEED MORE BALANCE, HE INDICATED, IF COUNTRIES OF BOTH EAST AND WEST ARE TO TAKE ADVANTAGE OF THE CURRENT FAVORABLE CONDITIONS EXISTING FOR TRADE DEVELOPMENT. (FULL TEXT OF STANOVNIK STATEMENT TRANSMITTED BY AIRGRAM.)

5. SEVERAL COUNTRIES PICKED UP STANOVNIK'S REMARKS ON DEBT IN SUBSEQUENT PLENARY INTERVENTIONS. SOME EXPRESSED CONCERN ABOUT POSSIBLE IMPACT OF EASTERN INDEBTEDNESS FURURE PROSPECTS FOR INTRA-REGIONAL TRADE. OTHERS (EC COMMISSION AND FRG) FELT THIS QUESTION SHOULD BE VIEWED IN PERSPECTIVE OF THE EASTERN COUNTRIES' INCREASING EXPORT CAPACITIES. EASTERN COUNTRY INTERVENTIONS ON SUBJECT INVARIABLY WELCOMED AND AGREED WITH STANOVNIK'S POSITIVE ASSESSMENT.

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6. WORK PROGRAM: ANTICIPATING MANY DIFFERENCES OF OPINION, SOME SERIOUS, OVER DETAILS OF DRAFT WORK PROGRAM PREPARED BY ECE SECRETARIAT (TRADE/R.347), TRADE COMMITTEE ESTABLISHED A CONTACT GROUP TO REVISE IT. MAJOR DIFFERENCES AROSE OVER CLASSIC ECE ISSUES: OBSTACLES TO TRADE, EXCHANGE OF INFORMATION, PROBLEM OF DEVELOPING COUNTRIES WITHIN ECE, AND ROMANIA'S DESIRE TO DISCONTINUE USE OF TERM "EAST-WEST". USSR SUCCESSFULLY ELIMINATED PROPOSALS FOR CONSIDERATION OF PAYMENTS ARRANGEMENTS AFFECTING TRADE (MADE BY SECRETARIAT) AND OF FINANCING FOR INDUSTRIAL COOPERATION (SWEDEN, FINLAND). ROMANIA OFFERED TO SUSPEND ITS OBJECTION TO USE OF TERM "EAST-WEST" IN WORK PROGRAM BY MAKING A STATEMENT IN PLENARY FOR RECORD.

7. OBSTACLES TO TRADE: MOST SERIOUS AREA OF DISAGREEMENT AROSE OVER PROPOSALS TO DEAL WITH OBSTACLES TO TRADE, UNDER BOTH TRADE AND INDUSTRIAL COOPERATION HEADINGS IN TRADE/R.347. FRG AND NETHERLANDS, REPRESENTING EC-9, QUICKLY PROPOSED TO SOFTEN LANGUAGE DRAWN UP BY SECRETARIAT, AND IN PARTICULAR TO AVOID SUGGESTING THAT ECE WOULD PROPOSE MEASURES AFFECTING TRADE LIMITED OFFICIAL USE

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RESTRICTIONS. EASTERN DELS RESPONDED BY SUBSTITUTING TOUGHER LANGUAGE THAN THE ORIGINAL AND ADDING A SERIES OF SPECIFIC POLICY PROPOSALS FOR CONSIDERATION. COMPROMISE WAS REACHED ONLY IN FINAL SESSION DEC. 3.

8. USDEL WAS PARTICULARLY CONCERNED ABOUT A POLISH PROPOSED REFERENCE TO "TARIFF AND NON-TARIFF TREATMENT", AND A GDR-PROPOSED REFERENCE TO "SPECIAL TREATMENT" IN CONNECTION WITH INDUSTRIAL COOPERATION, BUT BOTH OF THESE WERE DROPPED IN THE FINAL COMPROMISE. EXISTING "INVENTORY OF ADMINISTRATIVE RESTRICTIONS" IS NOW TO BE AN "INVENTORY OF ALL KINDS OF OBSTACLES TO THE DEVELOPMENT OF TRADE", AND WORK PROGRAM NO LONGER DISTINGUISHES BETWEEN DIFFERENT TYPES OF OBSTACLES.

9. USDEL CONTRIBUTED TO GENERAL COMPROMISE ON INDUSTRIAL COOPERATION WORK AREA BY PROPOSING A SEPARATE PROJECT, FIRST RAISED BY US AT SECOND AD HOC EXPERTS MEETING ON INDUSTRIAL COOPERATION AND BROUGHT UP AGAIN BY THE GDR, THAT ECE ORGANIZE SYMPOSIA FOR EXCHANGE OF INFORMATION AT INTERNATIONAL FAIRS IN THE ECE REGION.

10. EXCHANGE OF INFORMATION: USDEL STRONGLY ADVOCATED STRENGTHENING MODEST PROJECTS CONTAINED IN SECRETARIAT DRAFT WHICH WERE LARGELY UNIMAGINATIVE REFLECTIONS OF INFORMATION EXCHANGE PROVISIONS OF CSCE FINAL ACT AND DECISION D(XXXI).

11. SWEDISH, CANADIAN AND ECE DELEGATIONS PROPOSED A WEAKENING OF ONE-YEAR DEADLINE FOR SECRETARIAT'S FEASIBILITY STUDY FOR A MULTILATERAL SYSTEM OF NOTIFICATION OF FOREIGN TRADE LAWS AND REGULATIONS, BUT AFTER MUCH DISCUSSION SUPPORTED A US DRAFT METHOD OF WORK WHICH ACKNOWLEDGED THAT AN EFFECTIVE STUDY PROBABLY CANNOT BE COMPLETED IN ONE YEAR, BUT SET FORTH A NEW TIMETABLE FOR FURTHER ACTION ON THIS PROJECT PRIOR TO BELGRADE CSCE MEETING.

12. USDEL PROPOSED A NEW METHOD OF WORK UNDER A LIMITED OFFICIAL USE

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GENERAL PROJECT ON ECONOMIC AND COMMERCIAL INFORMATION, DESIGNED TO ELICIT FROM EACH GOVERNMENT A LIST OF SPECIFIC DATA THEY SOUGHT FROM OTHER COUNTRIES. ALTHOUGH STIFFLY OPPOSED BY THE USSR IN CONTACT GROUP, COMPROMISE WORKED OUT BETWEEN US AND EC REP. IN WESTERN CAUCUS MEETING DEC. 3.) WHICH DID NOT PRESUPPOSE COMMITTEE ACTION ON LISTS) WAS SURPRISINGLY ACCEPTED BY ALL OTHER DELEGATIONS.

13. USDEL WAS LESS SUCCESSFUL IN STRENGTHENING A PROJECT ON PUBLICATION OF DIRECTORIES AND ORGANIZATION CHARTS TO ASSIST BUSINESSMEN. SWEDEN TRIED TWICE TO ELIMINATE THIS PROJECT ALTOGETHER (APPARENTLY BECAUSE THEIR GOVERNMENT MAINTAINS ORGANIZATION CHARTS OF ALL SWEDISH BUSINESSES), AND MOST WESTERN DELEGATIONS INSISTED THAT EVEN SUBMISSION OF LISTS OF AVAILABLE DIRECTORIES AND CHARTS BE STRICTLY VOLUNTARY. ALTHOUGH US DRAFT WAS NOT OPPOSED BY USSR, USDEL WAS BARELY ABLE TO MAINTAIN THIS PROJECT IN NEGOTIATIONS WITH OTHER WESTERNERS WITHOUT USING LANGUAGE IN CONFLICT WITH THE CSCE FINAL ACT. SECRETARIAT DRAFTED STRONGER LANGUAGE ON INFORMATION EXCHANGE FOR INDUSTRIAL COOPERATION, WHICH USDEL DID NOT CHALLENGE, AND WHICH SURVIVED WITH MINOR IMPROVEMENTS FROM FRG AND SWEDEN.

14. DEVELOPING COUNTRIES: ROMANIA LED A SUSTAINED INITIATIVE TO STRENGTHEN THE ALREADY SUBSTANTIAL ATTENTION TO THIS ISSUE IN SECRETARIAT'S DRAFT. ROMANIA WAS GENERALLY (AND SUCCESSFULLY) SUPPORTED BY

YUGOSLAVIA, TURKEY AND OCCASIONALLY OTHERS IN
CONTACT GROUP. DURING FINAL ADOPTION OF
WORK PROGRAM BY FULL COMMITTEE, MORE ORTHODOX
CEMA MEMBERS LAUNCHED HOUR-LONG DISPUTE WITH
ROMANIA (WHICH WAS BACKED BY TURKEY, MALTA, GREECE
AND -- AT LEAST PARTIALLY -- YUGOSLAVIA) OVER USE
OF ARTICLE "THE", WORD "CERTAIN", OR NO
ARTICLE BEFORE PHRASE "MEMBER COUNTRIES OF THE
ECE THAT ARE DEVELOPING FROM THE ECONOMIC POINT
OF VIEW". AFTER THE IDOLOGICAL CONFLICT HAD BEEN
CARRIED BEYOND POINT OF EXHAUSTION FOR EVERYONE ELSE,
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ISSUE WAS ESSENTIALLY SIDE-STEPPED, LARGELY TO
BENEFIT OF ORIGINAL (ROMANIAN) VERSION.

15. CONCLUSIONS: SINCE MANY WESTERN COUNTRIES ARE
PESSIMISTIC ABOUT PROSPECTS OF PROGRESS IN INFORMATION
EXCHANGE ON MULTILATERAL LEVEL, THE US HAS MAINTAINED
ITS LEADING ROLE IN ECE ON THIS ISSUE. THUS THE
BURDEN IS CLEARLY OURS TO CONTRIBUTE FULLY TO
FULFILLMENT OF THOSE WORK PROJECTS MENTIONED ABOVE,
ESPECIALLY IF WE WISH TO REFER TO THEM AT
BELGRADE.CATTO

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